

**Response to Comment L14-35**

For the environmental documentation, it was assumed that no portion of the transfer revenue stream would be passed on directly to non-landowner community members or community organizations. If the IID Board were to include such payments as part of Project implementation, this would not result in adverse impacts greater than those identified in the Draft EIR/EIS.

**Community-based Organization  
Issues**

- 1) **Should money be returned to the community through additional financial support for non-profit organizations?**

What will the community get out of this water transfer?

- 2) **Should money be returned to the community through power rate reductions to consumers?**

- 3) **What will the impact be to community charitable groups, for example – emergency assistance – EFSP/United Way, etc.**

Food and shelter programs in which Imperial County residents can qualify may be impacted. Amount of services and shelters needed, in the event of people not working, may increase. There would be financial impacts on those agencies.

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**Government Issues**

**1) How do impacts on the farm economy affect tax receipts:**

- a) Property taxes/funding for schools
- b) Public services: parks, public safety
- c) Etcetera

If there were negative impacts to the farm community, it would trickle down to schools, local services, and quality of life issues.

**2) What are the Certification and compliance requirements?**

**3) Will water transfer increase welfare cost to government?**

If there should be a rise in unemployment, would the cost of welfare increase?

**4) Salton Sea**

Once a water conservation program is started, it will have drastic modification to the Salton Sea. The Salton Sea is a major economic base to Coachella Valley and Imperial County. It brings in a lot of revenue.

**Response to Comment L14-36**

Refer to the Master Response on *Socioeconomics—Property Values and Fiscal Impact Estimates* in Section 3 in this Final EIR/EIS. The governmental permits and approvals that are required for the Project are described in Section 1.7 of the Draft EIR/EIS.

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**5) How will the State Fish & Game and Federal Fish & Wildlife Service react to agreement?**

Salton Sea is a major game preserve. There is a big concern if the level of the Salton Sea changes, it will affect fish/bird life. Also, looking at drainage as a problem – lowering the quality in the Salton Sea.

**6) What will the affect of limited water supplies be to Mexico**

Their own source of water is the Colorado River. Somewhere in the future they could back and say they need more of our water due to impact to their groundwater supplies.

**7) Identify government agencies that collect and record socio-economic data for Imperial County.**

The EIR/EIS process is going to involve socio-economic models, requiring collection of data and input into models. Need to ensure that the data is reliable data and the assumptions are correct.

**Response to Comment L14-37**

The Proposed Project will not reduce (or eliminate) the flow of water to the Colorado River delta. The Proposed Project conserves water within the IID Service Area and allows the transfer of the conserved water to SDCWA. Water transferred to SDCWA would be diverted at Parker Dam rather than Imperial Dam. The amount of flow in the Colorado River below Imperial Dam and hence flowing to the Colorado River delta would not change as a result of the Proposed Project.

**Government Issues – cont....**

**8) Flow of water to the Colorado Delta will be reduced if not eliminated, hurting spawning species of fish and nesting areas for endangered birds.**

Relates to #4 & #6. A variety of fish spawn in the area. If we are taking water from the river and send it to San Diego, there will be that much less water for spawning of species.

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ATTACHMENT E

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**INDEPENDENT ANALYSIS OF THE  
ECONOMIC IMPACT STUDIES IN THE  
IID WATER CONSERVATION AND  
TRANSFER PROJECT EIR/EIS**

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## EXECUTIVE SUMMARY

After replicating much of the CH2M Hill analysis of Socioeconomic Impacts, CIC could find no substantive disagreement with the results as presented in the IID Water Conservation and Transfer Project Draft EIR/EIS. We did find some differences in the data, and some differences in the arithmetic. We also think those results could have been presented more succinctly, and we present Table 1 as a summary of the essential features of the economic analysis. However, as far as the analysis goes, we would not venture any substantial disagreement. We think it is fair, however, to point out some possible results that were not fully developed and analyzed.

1. Some of the programs presented in the CH2M Hill analysis are not economically viable.
2. There is no economically viable program that does not include at least some of the higher prices contained in the IID/SDCWA agreement.
3. 100 KAFY transferred to CWD/MWD under the QSA is not economically viable if the 100 KAFY is obtained through on-farm conservation. However, there is no requirement in the QSA against fallowing.
4. Conservation through delivery system improvements is much more cost effective than on-farm conservation.
5. The IID/SDCWA agreement which does prohibit fallowing (although this requirement is evidently capable of being revised or eliminated), requires a minimum transfer of 130 KAFY. Any transfer under this agreement adds significantly to the total revenue because of the much higher SDCWA prices. The minimum project under the QSA that takes advantage of the higher prices is 230 KAFY. Adding an additional 70 KAFY under the IID/SDCWA agreement makes the project more financially attractive.

### Response to Comment L14-38

The Executive Summary of the report prepared by CIC Research, dated March 15, 2002 (revised April 9, 2002) states: "CIC could find no substantive disagreement with the results as presented in the IID Water Conservation and Transfer Project Draft EIR/EIS."

The Salton Sea Baseline, which projects existing conditions at the Salton Sea into future years, is based upon a reasonable methodology and assumptions. Refer to the Master Response on *Hydrology—Development of the Baseline* in Section 3 of this Final EIR/EIS.

Also, refer to the Master Response on *Socioeconomics—Crop Type Assumptions for Socioeconomic Analysis of Fallowing* in Section 3 of this Final EIR/EIS for additional details regarding the assumptions used in the fallowing impact analysis.

Regarding the economic viability of the Proposed Project, the EIR/EIS presents the type and magnitude of estimated third-party socioeconomic impacts associated with the Proposed Project and each alternative evaluated in the EIR/EIS. As described in the Draft EIR/EIS, depending on the eventual implementation of the water conservation program, there could either be beneficial or adverse impacts to the regional economy. If water is conserved using on-farm and water delivery system improvements, it is anticipated that there would be beneficial effects to regional employment; therefore, there would not be any adverse effects to mitigate. If fallowing is used to conserve all or a portion of the water to be transferred, there would be adverse effects to the regional economy and farm workers as identified in the Draft EIR/EIS.

The IID Board will consider whether to implement socioeconomic mitigation measures when it considers whether to approve the Proposed Project or an alternative to the Proposed Project.



6. Although not considered in the EIR/EIS analysis, even if the IID/SDCWA agreement is not modified, nothing in either agreement prohibits a program of fallowing to supply the QSA requirement for CVWD and/or MWD. So a feasible program would fallow to achieve 100 KAFY, while using conservation to achieve the 130 to 200 KAFY for SDCWA.
7. The analysis of the effects of fallowing was slanted in the direction of maintaining the same proportions in cropping patterns in the future as there have been in the past. This has the advantage of being similar to the expected cropping given conservation as the means of freeing up agricultural water for transfer. However, much more efficient results could be obtained by changing this assumption. From the viewpoint of economic efficiency, the analysis should consider reducing agricultural production with high water requirements relative to crop value and employment. CIC has demonstrated a more efficient alternative by fallowing only hay and pasture crops. In addition, this selective crop alternative would only require fallowing 37,500 acres instead of the 53,286 acres required to maintain crop proportionality. In addition, the associated employment impacts are reduced to about 500 jobs lost as compared to more than 1,400 jobs.
8. Water freed-up by conservation under any scenario is not as economically attractive as simply buying the required acreage and saving the water that would have been used on it. This would not pre-empt using policies and systems that would encourage conservation through better use of water and/or better agricultural practices. This should have been part of the analysis.
9. CH2M Hill identified that a significant percentage of the compensation to farmers goes to State and Federal taxes (40.3 percent). Therefore, programs for mitigating adverse economic impacts such as job development and job training for jobs lost as a result of fallowing, would reduce State and Federal tax payments by 40.3 percent of the program cost. As a result the after tax cost of a \$10 million mitigation program is only \$5.97 million.



Table 1

## Summary of Scenarios Presented in the EIR/EIS (in constant 2001 dollars - Millions)

	Where Water Comes From (1)	Amount of Water Transferred (1)	Prices Used (2)	Average Yearly Revenue (3)	Annual Average Conservation Costs (4)	Annual Farmer Compensation After Taxes (4)	Annual Federal and State Taxes (5)	IID Program Costs (6)
Project A	All Conservation	300 KAFY	SDCWA for all 300 KAFY	\$87.2	\$36.8	\$23.0	\$15.5	\$11.9
Project B	All Conservation	300 KAFY	100 KAFY @ MWD + 200 @ SDCWA	\$71.3	\$38.3	\$12.8	\$8.6	\$11.5
Project C	All Following	300 KAFY	SDCWA for all 300 KAFY	\$87.2	\$0.0	\$51.2	\$34.5	\$1.5
Project D	All Following	300 KAFY	50 KAFY @ CVWD + 50 KAFY @ MWD + 200 KAFY @ SDCWA	\$68.2	\$0.0	\$39.0	\$26.3	\$3.0
Alternative 2	All Conservation	130 KAFY	All SDCWA	\$40.6	\$22.5	\$13.7	\$9.2	-\$4.9
Alternative 3A	All Conservation	230 KAFY	MWD 100 KAFY + 130 KAFY to SDCWA	\$50.5	\$35.8	\$11.0	\$7.4	-\$3.7
Alternative 3B	All Following	230 KAFY	CVWD 50 KAFY + MWD 50 KAFY + 130 KAFY to SDCWA	\$47.4	\$0.0	\$36.9	\$18.1	\$2.4

(1) Draft EIR/EIS Section 3.14 pp. 10 &amp; 16.

(2) Draft EIR/EIS Appendix G pp. G-9 to G-11.

(3) CIC Research, based on price data in Appendix G, and Transfer Ramp-up Schedules in Appendix G p. G-4.

(4) Based on 75 year average of data contained in Appendix G Table G-5 p. G-16 and Appendix Table G-6 p. G-17.

(5) Based on Draft EIR/EIS Appendix G p. G-11 "40.3%."

(6) IID program costs are based on the statement in Appendix G, p. G-11. All revenues above IID's Program costs are paid to farmers as a per-acre foot compensation. This column is derived as a residual based on the other cost data presented in Appendix G.



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